

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 3116

Honorable Members  
Twenty-Third Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 3116, entitled "A Bill for an Act Relating to the Hawaii Children's Health Care Program."

The purposes of this bill are to establish the "Hawaii Children's Health Care Program" (HCHCP), a temporary three-year pilot program that will provide free health insurance for qualified uninsured children, and to appropriate \$600,000 for fiscal year 2006-2007 to the Department of Human Services for the HCHCP.

This bill is objectionable because it will fail to achieve its intended purpose of providing health insurance to "uninsured children" who are "ineligible for any state or federal health care coverage."

First, the limited number of spots available in the free HCHCP may go to children who were insured, but whose parents opted to keep uninsured for six months in order to qualify for the free HCHCP insurance. The bill provides that "individuals between two hundred fifty and three hundred per cent of the federal poverty level who would otherwise be qualified for QUEST-net coverage may choose to receive coverage through QUEST-net and pay a prorated premium rate or to receive coverage through the [HCHCP] at no charge." Allowing children who qualify for coverage under an existing program to be eligible for the free HCHCP insurance would clearly defeat the intent of this bill to provide healthcare coverage to uninsured children.

Second, the measure states, "All children currently enrolled in a mutual benefit society's children's plan shall be eligible for enrollment into the Hawaii children's health care program." This means that approximately \$300,000 of the \$600,000

STATEMENT OF OBJECTIONS  
HOUSE BILL NO. 3116  
Page 2

appropriation contained in House Bill 3116 will be used to cover children who are currently enrolled in HMSA's children's health plan, whose parents currently pay the fifty dollar co-pay for coverage. Consequently, a child who was already insured may take the spot of a child who was truly uninsured. Again, allowing children who qualify for coverage under an existing program to be eligible for the free HCHCP insurance clearly defeats the intent of this bill to provide healthcare coverage to uninsured children.

Third, requiring that children be uninsured continually for at least six months in order to qualify for the program may result in the unintended consequence of parents disenrolling their children from private health insurance to go without health insurance for the six months required to access the program.

Fourth, with the recent approval of the Department of Human Services' Section 1115 waiver, any child with a household income up to three hundred per cent of the Federal Poverty Level (FPL) will now have easier access to the full benefit packages offered in Medicaid health insurance, QUEST, and QUEST-Net programs. It is important to note that these programs are able to utilize federal funds as well as State funds, providing an enhanced package of benefits at a lower cost. By contrast, this measure appropriates \$600,000 in State funds, without any federal contribution, for a limited health benefit package that can only serve a portion of the children that are served through the State's existing programs.

For the foregoing reasons, I am returning House Bill No. 3116 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE  
Governor of Hawaii